

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2226 – SB 2278

February 26, 2009

SUMMARY OF BILL: Authorizes the State of Tennessee to issue direct general obligation interest-bearing bonds in amounts not to exceed \$111,700,000. Requires \$24,000,000 of bond proceeds be allocated to the Department of Finance and Administration for the purpose of capital outlay. Requires \$87,700,000 of bond proceeds be allocated to the Department of Transportation for the purposes of constructing highways and for other capital outlay. Authorizes the funding board to issue bonds in amounts not to exceed 2.5 percent of the amount specified above for funding discount and costs of issuance.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$12,287,000 – 1st Year Debt Service

\$182,071,000 Over life of the bonds

\$111,700,000 Principal

\$70,371,000 Interest

Assumptions:

- All projects authorized by this act shall be approved by the State Building Commission.
- Bonds may be designated as college savings bonds pursuant to the Baccalaureate Education Savings for Tennessee Act.
- The coupon rate is estimated to be six percent.
- Bonds are issued for a term of 20 years.
- One-twentieth of the principal plus interest will be paid annually.
- Based on current bond market rates, it is estimated that the cost of capital reflected by a six percent coupon rate will be sufficient for paying actual first-year debt service plus any costs of issuance.

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CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/rnc